Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 LIMA 06944 162129Z
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 CIAE-00
INR-07 NSAE-00 AID-05 PA-02 PRS-01 USIA-15 SS-15
/068 W
----------057721 162145Z /66
R 161957Z AUG 77
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 6176
INFO AMEMBASSY BOGOTA
AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMEMBASSY SANTIAGO
AMEMBASSY QUITO

UNCLAS LIMA 6944

EO 11652: N/A
TAGS: ECIN, EFIN, CH, PE
SUBJ: CHILEAN WITHDRAWAL FROM ANDEAN DEVELOPMENT CORPORATION

1. FOLLOWING CHILE'S WITHDRAWAL FROM THE ANDEAN COMMON MARKET THERE WAS SOME UNCERTAINTY OVER WHETHER THE COUNTRY COULD CONTINUE AS AN ACTIVE MEMBER OF THE CORPORACION ANDINA DE FOMENTO (CAF) SINCE CAF LENDING IS TO BE LIMITED TO PROJECTS WHICH CONTRIBUTE TO THE INTEGRATION PROCESS. LARGELY AT VENEZUELAN INSISTENCE CHILE EVENTUALLY AGREED TO WITHDRAW FROM THE CAF. THE CAF BOARD OF DIRECTORS MET IN BOGOTA LATE LAST WEEK TO REACH AGREEMENT ON THE TERMS UNDER WHICH CHILE WOULD SEVER CONNECTIONS. SINCE THE CAF WAS FOUNDED CHILE HAD PURCHASED CAF SHARES WORTH APPROXIMATELY $11 MILLION AND IN TURN CAF HAD EXTENDED SOME $25 MILLION OF CREDIT FOR CHILEAN PROJECTS.

2. OVER THE WEEKEND THE WIRESERVICES AND LOCAL PAPERS HAVE PUBLISHED WIDELY VARYING VERSIONS OF THE AGREEMENT THAT WAS REPORTEDLY CONCLUDED. CAF SOURCES HERE TELL US THAT ALTHOUGH SEVERAL PROPOSALS WERE TO BE CONSIDERED THE CHILEAN DELEGATION
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PAGE 02 LIMA 06944 162129Z

UNEXPECTEDLY TERMINATED THE DISCUSSION BY ANNOUNCING THAT CHILE DID NOT INTEND TO PARTICIPATE IN ANY SCHEME FOR RESELLING SHARES OR REPAYING LOANS. THE CHILEAN REPRESENTATIVE SAID THE VALUE OF THE SHARES ROUGHLY APPROXIMATED THE AMOUNT OF LOAN FUNDS ACTUALLY DISBURSED TO CHILE. CHILE, THEREFORE, CONSIDERS THAT THE TWO CANCEL EACH OTHER OUT AND THIS CHILE'S RIGHTS AND OBLIGATIONS AS A CAF MEMBER ARE TERMINATED AS OF NOW. THE CAF

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ASSEMBLY (HIGHEST POLICY BODY) IS TO MEET IN THE NEAR FUTURE TO RESPOND TO CHILE'S UNILATERAL ACTION.

3. COMMENT: CHILE'S DRAMATIC SOLUTION WOULD AVOID WHAT COULD BE PROLONGED AND VITUPERATIVE BARGAINING. IT HAS THE ADDED ADVANTAGE OF RELIEVING THE OTHER COUNTRIES OF THE NECESSITY TO COME UP QUICKLY WITH THE FUNDS NECESSARY TO PURCHASE CHILE'S SHARES. IT IS LIKELY THAT THEY WILL ALL PLEDGE TO PURCHASE THE SHARES OVER A COMFORTABLY LONG TERM.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WITHDRAWAL OF MEMBERSHIP, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Format: TEL
From: LIMA
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770858/aaaabwvn.tel
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Litigation History:
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Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1590635
Secure: OPEN
Status: NATIVE
Subject: CHILEAN WITHDRAWAL FROM ANDEAN DEVELOPMENT CORPORATION
TAGS: ECIN, EFIN, PORG, CI, PE, ANDEAN DEVELOPMENT CORP, CAF
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/fedbf759-c288-dd11-92da-001cc4696bcc
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